ECONOMIC COMMENTARY

How is Alberta's Labour Market performing in 2013?

November 8, 2013

Highlights:
According to the Labour Force Survey, Alberta's labour market has continued to expand strongly in 2013. Nevertheless, Alberta's labour market has remained fairly balanced as a result of record in-migration levels.

Alberta
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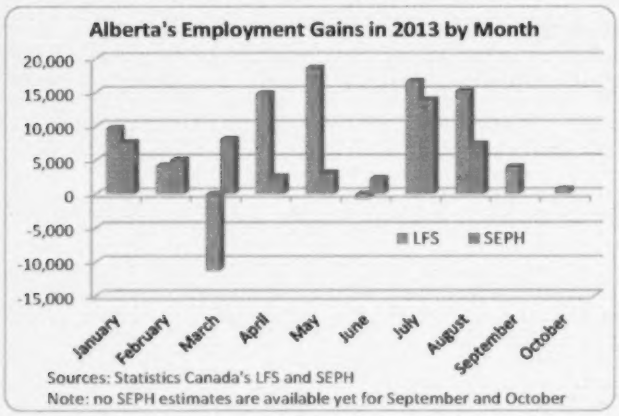
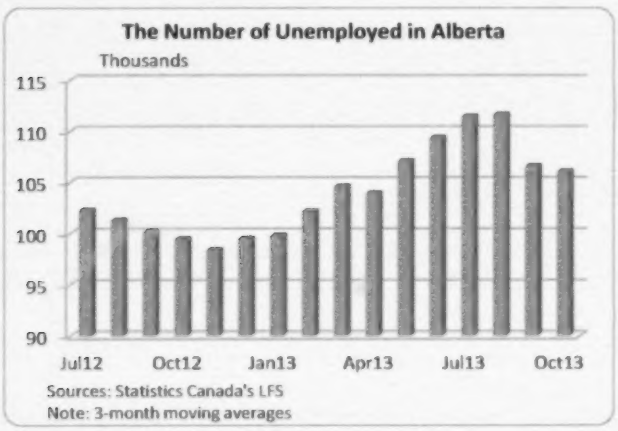
There are a number of labour indicators, such as employment and unemployment, help-wanted ads and job vacancies, which can be used to gauge the health of Alberta's labour market. Most of these indicators suggest a strong and balanced labour market.



Statistics Canada's most recent Labour Force Survey (LFS) suggests that Alberta's labour market has remained strong so far this year, as employment grew by 71,800 between December 2012 and October 2013. Moreover, Alberta's employment gain over that period was actually much larger than the increase of 54,500 workers in the rest of Canada as half the provinces registered declines.

Between December and May, employment levels were basically stable in Edmonton and Calgary, followed by solid job gains in Edmonton during the months of June through August and in Calgary since June.



The number of unemployed persons was on the rise during the first eight months of 2013, rising by 12,000[1] between December 2012 and August 2013, but fell sharply by about 5,000 in September. As of October 2013, unemployment was about 6,500 higher than it was in December 2012.

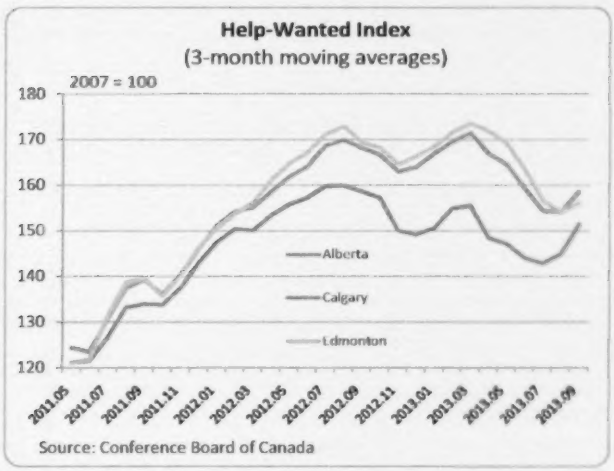
The net impact of rising employment combined with rising unemployment, has been that the unemployment rate has remained low and fairly stable. It was 4.4% in October, much lower than Canada's 6.9% rate.

The somewhat puzzling phenomenon of simultaneously rising employment and unemployment can be explained by the large increases in Alberta's labour force resulting from record levels of in-migration. Between July 2012 and July 2013, Alberta's population rose 3.5%, a rate of growth not seen since the early eighties. Most of the population increase is due to

[1] 3-month moving averages

record levels of inter-provincial and international in-migration, which in turn is the result of Alberta's robust economic performance during the past three years.

The company based Survey of Employment, Payrolls and Hours (SEPH) also showed strong employment growth during the first few months of 2013, but job growth was much weaker between February and June. In July and August, employment grew strongly again, possibly as a result of flood related hiring. The SEPH survey suggests that companies increased their payrolls by almost 50,000 workers between December 2012 and August 2013. Hiring in the construction sector has been especially strong this year with a 12,500 job gain between December and August. The retail/wholesale trade and accommodation and food services sectors gained 13,000 and 7,000 jobs, respectively, over the same period.



The Conference Board of Canada has developed a Help-Wanted Index of on-line job postings. According to the September index, on-line postings in Alberta and Edmonton have weakened since March 2013 and are now back to levels of late 2011/early 2012. However, job postings in Calgary showed a sharp uptick in August and September, possibly because of flood related hiring.

Job vacancy estimates tell a similar story. The number of vacancies peaked in mid-2012 and has been slowly trending downward since then. In July 2013, there were 49,700 job vacancies in Alberta compared with 61,400 vacancies a year earlier.

Most indicators, such as employment levels, steadily rising unemployment and a stable unemployment rate, indicate a very healthy labour market with plenty of employment opportunities, yet with enough slack in that market so that most employers can meet their hiring needs.